

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MARCH 2, 2005

PRESENT: Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Randall Avery, Deputy Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer. **Guests:** Doreen Wittenberg, Business Supervisor; Lt. Eddie Edwards, Enforcement; Al Picconi, United Beverages, Inc.

EXCUSED: Chairman Anthony Maiola; Aidan Moore Chief of Enforcement.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending 2/27/05 shows retail sales were up by about 19.1%, on-premise sales were up 10.8%, off-premise sales were up 7.5%, and total aggregate sales increased by a little over 15.2%. The traffic count also increased by 7,503, as did the average sales ticket by \$2.47.

The W-1 Total Weekly Sales report for this same period indicates a rise in sales over the same week last year of 15.24% or \$880,409, and an increase for the year of 5.9% or \$15,209,155. Wine sales were up for the week by 16% or \$430,302, and were also up 6.5% or \$7,733,401 for the year. Sales of spirits increased 14.55% or \$450,108, as they did year-to-date by 5.44% or \$7,475,754.

There was nothing of significance to report this week regarding depletions and/or post-offs.

B. Budget/Administrative Reports:

We recently received from Paymentech a piece of equipment for bulk gift card activation which was the wrong model. The correct one should arrive at headquarters some time tomorrow. Our Paymentech representative will then come to HQ to do the training on this device with selected individuals.

Last Thursday Craig and Howard spoke with Dave Giradro, V.P., Northeast Business Development for Paymentech, regarding duplicate billing issues, requesting his assistance in getting these problems resolved. He facilitated an intervention by GO Software (company that handles the credit card billing middleware). GO Software contacted Howard and provided technical assistance to us that day. As a result, we have been able to get the new

release of their software operational and will continue to perform testing before fielding the new software.

The current W-6 Expense Budget Activity Variance Report for the week ending March 1, 2005 shows the year to be at around 67% expended, with about 65% of the budget expended. The utilities and benefits categories continue to be watched closely.

2. IT Report

Howard remarked that the good news was that the IT system survived the first Tuesday of the month without contracting a virus.

There have been difficulties in getting the new RITA version functioning properly. Now it appears that this may be resolved, and testing is being done on normal procedures. Testing will then be done on duplicate detection next week.

The PALS system has been modified to include emergency contact and dependent information.

There will be an OIT budget meeting today to inform everyone how OIT figured out shared costs. Commissioner Byrne asked that George Tsiopras also attend the meeting.

3. Human Resources Meeting

At the Safety Committee meeting last week, members were given out the plan approved by the Commission for review. The minutes from this meeting can be obtained through the intranet under Human Resources.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 2/27/05 rose 18.06% or \$782,399.85. Figures for Stores #73 Hampton and #67 Hooksett were understated because of issues occurring last week.

Peter reported the following regarding store locations. There will be a site meeting in Keene today. The new lease for the Center Harbor location is still in process. Demolition activities continue around the Store #10 Manchester location; hopefully, this will be completed by summer.

There was brief discussion concerning location of the box for the emergency back-up system located at Store #76 Hampton. Because of the expenses

which would be incurred to move it, the consensus was that it should stay in the hall where it is now.

2. Purchasing Report

There was nothing of significance to report regarding out-of-stocks for this week.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Old Whiskey River Bourbon Cream):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company for a new test market listing for Old Whiskey River Bourbon Cream Liqueur, 750ML size (assigned new Code #2139), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Result (Codes #3885 and #3899):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #3885, Fris Skandia Apple Vodka, 750ML size and Code #3899, Smirnoff Green Apple Twist, 1.75L size, each of which failed to earn their respective gross profits required for both full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Absolut Raspberri Vodka, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands LLC for a line extension for Absolut Raspberri Vodka in the 1.75L size (assigned new Code #3455), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Appeal (Cles Des Ducs Armagnac, 750ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant an appeal from United Beverages, Inc./International Brands regarding the delisting of Code #4540, Cles Des Ducs Armagnac, 750ML size, and allow a three-month extension for this product. The motion was unanimously adopted.

4) Replace Bowmore 30 Year Old:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries to replace Code #2495, Bowmore 30-Year Old Scotch, 750ML size with Bowmore 25-Year Old Single Malt, 750ML size, including the reduction of the discontinued product in retail price in order to deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) One Time Buy (Starbucks Coffee Liqueur, 50ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands for the Commission to purchase an additional one-time buy of Code #5213, Starbucks Coffee Liqueur, 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) April Special Offers:

a. 3 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for three (3) spirit items, to be featured on sale during April 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

b. 5 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances for five

(5) spirit items, to be featured on sale during April 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) March Special Offers (3 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions for three (3) wine items, to be featured on sale during March 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Allocated Wines for Distribution (27 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-six (26) allocated wine items from United Beverages, Inc. for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, and table one (1) wine item pending receipt of further information. The motion was unanimously adopted.

3) Primary Source Submissions (1 primary source; 9 exclusive agent; 24 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, nine (9) wine codes which are offered by the exclusive marketing agent, and twenty-four (24) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Tabled Items:

- a. Recommended Allocated Wines for Distribution to Selected Stores (tabled from 2/16/05, Item #B-5-b): Item remained on the table.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated February 24 through March 2, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

a. Purchase & Display Twin Fin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker, on behalf of Pacific Wine Partners, for the Commission to purchase and display in selected stores four (4) Twin Fin wine products during April and May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford